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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/597,881	06/20/2000	Robert Rademacher	6311-11	5018

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EXAMINER	
POINVIL, FRANTZY	

ART UNIT	PAPER NUMBER
3628	

DATE MAILED: 04/21/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)	
	09/597,881	RADEMACHER ET AL.	
	Examiner	Art Unit	
	Frantzy Poinvil	3628	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *10 January 2005*.

2a)☒ This action is **FINAL**. 2b)☐ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1,3,4,15,16,18,19,22-26,31,35-40,43,45-49,51 and 52* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1, 3, 4, 15, 16, 18, 19, 22-26, 31, 35-40, 43, 45-49, 51 and 52* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☐ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date _____.
4) ☒ Interview Summary (PTO-413) Paper No(s)/Mail Date. *2/7/2006*.
5) ☐ Notice of Informal Patent Application (PTO-152)
6) ☐ Other: _____.

DETAILED ACTION

1. The Examiner's response to Applicant's arguments are incorporated in the rejection found below.

Claim Rejections - 35 USC § 103

2. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Claims 1, 3-4, 15-16, 18, 19, 22-26, 31, 35-40, 43, 45-49, 51 and 52 are rejected under 35 U.S.C. 103(a) as being unpatentable over Sampson et al (US Patent No. 5,802,499) in view of the "Wall Street Letter" article, Kirksey (US Patent No. 6,460,021) and Aziz et al (US Patent No. 6,018,721).

As per claims 1, 3, 15, 16, 18, 31, 35-39, 51 and 52, Applicant's representative argues that the prior office action admits that the combination of Sampson et al and the Wall Street Journal does not explicitly or inherently disclose, teach or suggest having the aggregate net exposure quantified using cross-product and cross-agreement netting. Applicant's representative also stated that the combination of Sampson et al and the Wall Street Letter does not explicitly teach or inherently disclose or suggest having the aggregate net exposure quantified using cross product netting and cross agreement netting.

In response, Sampson et al disclose a method and system for providing credit support to parties associated with derivative and other financial transactions. See the abstract. In so doing, Sampson et al uses a computer system for identifying an entity (column 18, line 61 to column 19, line 23); quantifying an aggregate net exposure relating to financing positions held by the identified entity wherein the positions are held in multiple products and multiply market segments (column 16, line 61 to column 17, line 63). An aggregate net exposure is quantified using cross product netting and cross-agreement netting is not explicitly stated in Sampson et al. However, it is noted that Sampson et al disclose a similar function as described in applicant's specification. Particularly, Sampson et al determine a net exposure or net value of each asset or asset type for a given quantity. See column 17, line 28-36 and column 17, line 36-62.

In applicant's specification, cross product netting enables capturing positions of multiple related or non-related products in Exchange 212 or Non Exchange 213. Cross product Netting 21 can include for example, netting foreign exchange (FX) options,... FX cash, interest...) . Sampson et al disclose a similar teaching. Applicant is directed to column 17, lines 33-35, column 24, lines 63 to column 26, line 6.

Cross-Agreement Netting 219 enables combining exposures associated with multiple agreements. Cross Agreement Netting 219, can include or supercede for example collateral agreements such as exchange margin agreements...and emerging agreements. Sampson et al disclose a similar

teaching. Applicant is directed to column 21, line 48 to column 24, line 58 of Sampson et al.

Sampson et al also disclose determining a value for collateral dedicated to offset the exposure and managing leverage relating to the collateral to offset the exposure. Note column 11, lines 10-67, column 17, line 63 to column 18, line 3 and figure 5B of Sampson et al.

Thus, the claimed features are different from Sampson et al as only a difference in label. Furthermore, the Wall Street Letter states that the "Board of Trade Clearing Corp. will soon accept shares of stock to satisfy minimum margin requirements" and "To offset the additional risk associated with accepting shares of stock as collateral, the BOTCC will impose a haircut on the stocks value".

It would have been obvious to one of ordinary skill in the art at the time of the invention to incorporate the teachings provided in the Wall Street Letter in Sampson et al in order to minimize potential losses of a lender.

In discussing the system of Sampson et al., Applicant's representative states that "A Customers who are users of the system disclosed in Sampson transfer to the system assets which are available for use in providing collateral to counterparties who have provided credit to the customer. (Sampson, Col. 11, 1. 11-13.). The customer's account in the system of Sampson contains identification information, asset information, and various unilateral parameters unique to the customer. (Id., Col. I I , 1. 13-15.). Each customer and its counterparty to a credit support agreement, create a credit support agreement, the terms of which are entered into the system of Sampson. (ID, Col. 11, 1. 16-

27.) "Thereafter, the customers calculate their or their counterparty net positions or credit exposure (i.e., "mark-to-market " values) with respect [to] their counterparties, using their current methods and algorithm."Id., Col. 11, 1. 28-31.). Customers then input into the system their credit exposure either individually or in bulk. (Id., &1. 11, 1. 31-34.) Based on the size of the credit exposure the customer has entered into the system, the collateral previously transferred to the system by the customer and its counterparties, the daily valuation of credit support assets in the system and the terms of credit support agreements entered into the system the system calculates whether or not additional assets are required for credit support and informs the customer of any amount of assets that must be provided to a counterparty. (Id., col. 11, 1. 41-53.). Assets that a customer transfer to the system of Sampson are identified by asset type and number. (Sampson, Col. 17, 1. 37 - Col. 18, 1. 3 & Fig. 4B.). The system permits customers to provide an order in which it wants assets to be used to cover credit exposures."

The Examiner agrees with the applicant's description of the system of Sampson. In this description, one of ordinary skill in the art would have noted that the customers are similar to the claimed entity and the assets and values of the assets must also be identified in order to properly assess the values of the assets/entity which will be used in providing collateral to the counterparties who have provided credit to the customers.

The Examiner however disagrees with applicant's comments that the Examiner had indicated that Sampson et al state or inherently disclose

"managing and monitoring the leverage". However, the functions of managing and monitoring leverage of financial transactions are clearly described in Sampson et al. In addition, the Examiner has further relied on the teachings of provided by the Wall Street letter where it is stated that the "Board of Trade Clearing Corp. will soon accept shares of stock to satisfy minimum margin requirements" and "[T]o offset the additional risk associated with accepting shares of stock as collateral, the BOTCC will impose a haircut on the stocks value". Thus, from these teachings, it would have been obvious to one of ordinary skill in the art to note that an investor/counterparty when combining the system of Sampson et al and the teachings provided in the Wall Street letter would have been motivated to manage and monitor leverage related to their financial transactions. The motivation would have been to decrease their risk and to balance their accounts.

As per the feature of cross netting, such is disclosed in applicant's specification (column 11, lines 10-11) as "Cross Entity Netting can include more than one entity grouped together in order to mutually share exposure and collateral positions". Thus, this is similar to the teachings of Sampson et al wherein an entity may comprise a group of entity and the examples I and X of Kirksey et al.

Applicant's representative has now amended claim 1 with the feature of "identifying at least one market segment in which the entity holds financial positions" and argues that such a feature is not present in the applied references.

In response, this feature must be known in any of the applied references since the values of the assets and the markets where the assets are held must be identified so that their values are known when they are used as collateral and or when the entity is managing his/her account especially when the assets are used as collateral. See column 10, lines 54-59 and column 13, lines 17-53 of Sampson et al.. Furthermore, stock/securities are usually associated with a particular market segment such as medical, industrial and technology.

Applicant has also amended the independent claim 1 to further recite "quantifying an aggregate net exposure across the identified market segment or segments" and also argues that such is not present in the applied references.

In response, net exposures are discussed in detail in the teachings of Sampson et al. Sampson et al further teach quantifying net exposures in a given market. See figure 14A of Sampson et al. Similar teachings are also provided on column 17, lines 28-62 and column 16, line 61 to column 17, line 63 of Sampson et al.

Furthermore, Kirksey discloses a system and method for managing debts using cross collateralization and loan agreements. Note the abstract and the various examples provided in the system of Kirksey. Also, Ariz teaches a system and method for improved collateral monitoring and control assessing the risk associated with holding securities of a particular type and the risk associated with holding securities in currencies other than the liability currency.

It would have been obvious to one of ordinary skill in the art at the time the invention was made to incorporate the teachings of Ariz and Kirksey into the

combination of Sampson et al and the Wall Street Letter in order to make the system world wide accepted whereby an entity is able to manage his/her risk exposure and at the same time decreasing their risk and/or balancing their accounts.

Applicant's representative further argues that the combination of Sampson et al and the Wall Street Letter does not explicitly teach computing net exposure values separately for financial product groupings and accumulating product grouping totals according to a parent entity as recited in claim 22.

In response, Sampson et al disclose that there are many types of assets or products present for a given entity. Note column 17, lines 37-62 and column 25, lines 45-65 of Sampson et al.

Accumulating market product segments forming a composite of exposure across market segments of claim 23 would have been obvious to one of ordinary skill in the art in order to provide details of any given products or assets.

As per claim 4, the combination of Sampson et al, the Wall Street Letter, Ariz and Kirksey teach the aggregate net exposure is quantified according to market data but does not explicitly state doing so using a calculation of the median of multiple values. As per this feature, the Examiner asserts many possible types of calculations or algorithms may be used to calculate the aggregate net exposure. A calculation of the median of multiple values would have been obvious to one of ordinary skill to use to as an alternative calculation or algorithm to also obtain the aggregate net exposure. Thus, the type of

algorithm or calculation used does not attribute to patentable differences since such does not differ in the functioning of the combined system above and also such an algorithm does not bring any different result.

As per claim 19, the combined teachings above deals with a plurality of market segments. Managing leverage comprising unrealized positions from at least one of the identified market segments to cross-fund positions in another market segments is not explicitly stated in the combined references. However, this is well known in the trading industry. It would have been obvious to one of ordinary skill in the art at the time of the invention to include such a feature in the combined teachings above in order to allow an entity to minimize their potential risks.

As per claim 24, Sampson et al disclose monitoring exposure levels across market segments to determine if exposure remains within a predetermined tolerance and initiating communication for additional collateral resultant to the exposure exceeding the predetermined tolerance. See Sampson et al at column 17, line 63 to column 18, line 3, column 11, lines 10-27, and the rejection of claim 1 above.

As per claims 25 and 26, claim 25 and 26 contain limitations recited in claim 1 and therefore these limitations are rejected under a similar rationale. As per features of quantifying an aggregate net exposure resulting from positions of at least two unrelated entities in the identified market segment of a specific industry, the Examiner asserts that more than one entity may hold positions in a

market segment. These entities may also need to offset their net exposure with some collateral. Offsetting a net exposure with collateral is taught in the applied references. It would have been obvious to one of ordinary skill in the art at the time of the invention was made to quantify an aggregate net exposure resulting from positions of an aggregate of at least two unrelated entities to the identified market segment in the combined teachings above in order to determine how much collateral that all counterparties will need to offset their exposure thereby providing a balanced account of leverage relating to financial transactions involving all entities.

Claim 40 contains features recited in claim 1 and these features are likewise rejected under a similar rationale. As per the different areas, the Examiner asserts that one of ordinary skill in the art of graphical user interface would have been motivated to program the combined system above to have different display areas in order to provide a more user friendly system whereby different types of information are easily displayed to a user and thereby allowing the user to easily discern the different types of information at a glance.

Claims 43 and 45-49 recite well known attributes found in a trading environment. Providing a display area on a display screen of the combined teachings above would have been obvious to one of ordinary skill in the art at the time of the invention in order to provide users with a friendly graphical user interface whereby users may instantly view or input related information.

THIS ACTION IS MADE FINAL. Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Conclusion

3. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Frantzy Poinvil whose telephone number is (703) 305-9779. The examiner can normally be reached on Monday-Thursday.

The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Frantzy Poinvil
Primary Examiner
Art Unit 3628

FP
February 7, 2006